



County of Los Angeles CHIEF EXECUTIVE OFFICE

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Chief Executive Officer

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September 16, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**FIVE-YEAR OPTION TO RENEW LEASE NO. 60741
DEPARTMENT OF PUBLIC SOCIAL SERVICES
2959 VICTORIA STREET, RANCHO DOMINGUEZ
(SECOND DISTRICT) (3 VOTES)**

SUBJECT

This recommendation is for a five-year lease renewal of 54,000 square feet of office space and 300 parking spaces located at 2959 Victoria Street, Rancho Dominguez, for the Department of Public Social Services (DPSS).

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the lease renewal is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines.
2. Exercise the option to renew the lease for a five-year term with 2959 Victoria Street Partners, (Lessor) for 54,000 rentable square feet of office space, located at 2959 Victoria Street, Rancho Dominguez, for DPSS at an annual first year rent not to exceed \$964,262. The rental cost is 91 percent subvended by State and Federal funds and 9 percent net County cost.

"To Enrich Lives Through Effective And Caring Service"

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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of this lease renewal will provide DPSS continued occupancy of this space, which houses two operations/programs:

2959 Victoria - Greater Avenues for Independence (GAIN) Region V - Program: GAIN or Welfare to Work - GAIN Region V provides case management services to California Work Opportunity and Responsibility to Kids (CalWORKS) participants in the southern region of County of Los Angeles (County). GAIN helps participants prepare for and find employment. Services include job finding workshops, supervised job search, vocational assessment, remedial education, vocational skills training, and work experience. Post employment services are also available to help employed participants retain their jobs, work toward a better one, and ultimately move to financial independence. GAIN also offers help with transportation, child care, special job-related expenses, such as, uniforms and tools, as well as, domestic violence, substance abuse and mental health counseling.

2961 Victoria - Paramount District - Programs: CalWORKS, Food Stamps and Medi-Cal. The Paramount CalWORKS District office provides temporary financial assistance and employment focused services to families with minor children who have income and property below State maximum limits for their family size. This office serves the residents of Rancho Dominguez and adjacent communities. The Food Stamps program helps eligible low-income families and individuals meet their basic nutritional needs by increasing their food purchasing power. Medi-Cal provides comprehensive medical benefits to low income families with children, pregnant women and adults who are over 65, blind, or disabled. Depending on their income and resource levels, individuals and families may be eligible for a no-cost or a share of cost Medi-Cal program. CalWORKS families receive no-cost Medi-Cal.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we improve the well-being of children and families in the County as measured by the achievements in the five outcome areas adopted by the Board: good health, economic well-being, safety and survival, social and emotional well being, and education/workforce readiness (Goal 5). In this case, we are re-leasing the office space for DPSS which will continue to provide services which enhance the ability of families to achieve self-sufficiency and economic well-being (Strategy 2). This proposed lease renewal complies with the Strategic Asset Management Principles, as shown in Attachment A.

FISCAL IMPACT/FINANCING

The rental cost for the first year of the option period shall not exceed \$964,262 with annual Consumer Price Index (CPI) rental adjustments subject to adjustment of the base year rent.

2959 VICTORIA ST. RANCHO DOMINGUEZ	EXISTING LEASE NO. 60741	FIVE-YEAR LEASE OPTION	CHANGE
Area (Square feet)	54,000	54,000	None
Term	08/25/98 - 08/24/2008 Month-to-Month	Upon Board Approval	+ Five years
Annual Base Rent	\$958,452	\$964,262	+ \$5,810
Parking (included in base rent)	300 parking spaces	300 parking spaces	None
Cancellation	None	None	None
Option to Renew	One 5-year option	Five-year option exercised	No options remain
Rental Adjustment	Base rent subject to annual CPI adjustment of the base year rent	Same	None

Sufficient funding for the proposed lease renewal costs is included in the 2008-09 Rent Expense budget and will be billed back to DPSS. DPSS has allocated sufficient funds in its 2008-09 operating budget to cover the projected lease renewal costs. State and Federal subvention will be used to fund 91 percent of the rental costs, and the remaining 9 percent will be net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The County entered into this full-service lease in August 1998 for 20,435 square feet of office space and expanded into the balance of the space in 2002. Notice of intent to recommend the exercise of this option has been provided to the Lessor and he has extended the time available for the County to exercise the renewal option. The lease renewal requires your Board to exercise the option.

- The term commences upon Board approval and expires five years thereafter.
- There is no cancellation provision allowing the County to cancel during the five-year term.
- The rent includes on-site parking for 300 vehicles.

- This is a full-service gross lease whereby the Lessor is responsible for all operating expenses associated with DPSS occupancy.
- The base rent is subject to annual CPI increases of the base year rent throughout the term.
- There is no Tenant Improvements allowance included with the renewal of the Lease.

The Chief Executive Office (CEO) Real Estate staff surveyed the Rancho Dominguez area as specified by DPSS in order to maintain close proximity within the service area. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Attachment B shows all County-owned and leased facilities within the surrounding Rancho Dominguez area and there are no County-owned or leased facilities available for the programs.

Based upon a market survey of similar properties in the Rancho Dominguez area, staff has determined that the base rental range including parking for similar properties is between \$19 and \$26 per square foot per year full-service gross. The existing lease terms provide a \$17.85 per square foot base annual rent which represents a market rental rate below the lower range of market.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The CEO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA pursuant to Class 1, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease renewal will provide the necessary office space for this County requirement. DPSS concurs with the proposed lease renewal.

The Honorable Board of Supervisors
September 16, 2008
Page 5

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors return two certified copies of the Minute Order and the adopted, stamped Board letter to the CEO, Real Estate Division, 222 South Hill Street, Los Angeles, CA 90012.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. T. Fujioka', with a stylized flourish at the end.

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:DL:JSE
CEM:TS:hd

Attachments (2)

c: County Counsel
Department of Public Social Services

DEPARTMENT OF PUBLIC SOCIAL SERVICES
2959 VICTORIA STREET, RANCHO DOMINGUEZ
Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²			X
	B	Does lease co-locate with other functions to better serve clients? ²	X		
	C	Does this lease centralize business support functions? ²			X
	D	Does this lease meet the guideline of 200 sq. ft of space per person? ² 186 sq .ft. per person.	X		
2.	<u>Capital</u>				
	A	Is it a substantial net County cost (NCC) program? 91 percent State and Federal Funding.		X	
	B	Is this a long term County program?			X
	C	If yes to 2 B or C; is it a capital lease or an operating lease with an option to buy?		X	
	D	If no, are there any suitable County-owned facilities available?		X	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Attachment B?	X		
	G	Was build-to-suit or capital project considered? The existing lease terms are lower than market rate and the program is State and Federally funded offsetting monthly rental costs.		X	
3.	<u>Portfolio Management</u>				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?	X		
	D	Why was this program not co-located?			
		1. ____ The program clientele requires a "stand alone" facility.			
		2. ____ No suitable County occupied properties in project area.			
		3. <u>X</u> No County-owned facilities available for the project.			
		4. ____ Could not get City clearance or approval.			
		5. ____ The Program is being co-located.			
	E	Is lease a full service lease? ²	X		
	F	Has growth projection been considered in space request?		X	
	G	Has the Dept. of Public Works completed seismic review/approval?	X		
	¹ As approved by the Board of Supervisors 11/17/98				
	² If not, why not? Please bold any written responses.				

Attachment B

**SPACE SEARCH – WITHIN SERVICE AREA OF DPSS CLIENT PARTICIPANTS
DEPARTMENT OF PUBLIC SOCIAL SERVICES
2959 VICTORIA STREET, RANCHO DOMINGUEZ**

LACO	FACILITY NAME	ADDRESS	SQUARE GROSS	FEET NET	OWNERSHIP	SQUARE FEET AVAILABLE
6420	COMPTON COURTHOUSE	200 W COMPTON BLVD, COMPTON 90220	576467	205939	OWNED	NONE
X169	DPSS-COMPTON AP DISTRICT OFFICE	211 E ALONDRA BLVD, COMPTON 90220	48135	38777	OWNED	NONE
C600	DPSS-SOUTH FAMILY AP/SPECIAL DISTRICT OFFICES	17600 A/B S SANTA FE AVE, RANCHO DOMINGUEZ 90221	133000	103324	LEASED	NONE
A655	ALT PD & PUB DEFENDER-TORRANCE BRANCH OFFICES	3655 TORRANCE BLVD, TORRANCE 90503	10994	7769	LEASED	NONE
5177	TORRANCE COURTHOUSE	825 MAPLE AVE, TORRANCE 90503-5058	155368	75242	FINANCED	NONE
5043	TORRANCE COURTHOUSE-ANNEX	3221 TORRANCE BLVD, TORRANCE 90503	16996	9560	OWNED	NONE
A414	DCFS-REGION II HEADQUARTERS/ TORRANCE OFFICE	2325 CRENSHAW BLVD, TORRANCE 90501	60804	57764	LEASED	NONE
2063	HARBOR-REI ADMINISTRATION BUILDING N-14	1124 W CARSON ST, TORRANCE 90502	11802	8829	OWNED	NONE
A074	CSSD-DIVISION V HDQTERS/ TORRANCE HEALTH CTR	20221 S HAMILTON ST, TORRANCE 90502-1321	66825	54835	LEASED	NONE
A959	DPSS-PARAMOUNT AP DISTRICT/GAIN PROGRAM REG V	2959 E VICTORIA ST, RANCHO DOMINGUEZ 90221	54000	44280	LEASED	NONE
6333	LOMITA ADMINISTRATIVE CENTER	24330 NARBONNE AVE, LOMITA 90717	30517	20493	OWNED	NONE
5786	DHS-WILMINGTON HEALTH CENTER	1325 BROAD AVE, WILMINGTON 90744	9034	4512	OWNED	NONE
A547	ASSESSOR-SOUTH DISTRICT OFFICE BUILDING	1401 E WILLOW ST, SIGNAL HILL 90806	34051	29284	LEASED	NONE